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CSLS Releases New Reports on Productivity and Health, the Economic Performance of First Nations Reserves, and ICT Investment in Canada

Today, the Centre for the Study of Living Standards released three studies: one on the relationship between Canada's productivity and the health of its population, another on the relationship between remoteness, education, governance and the economic performance of First Nations reserves in Canada, and a third on the recent rebound in information and communication technology (ICT) investment after the 2009 recession.

The first of these reports, entitled "State of the Evidence on Health as a Determinant of Productivity" finds little evidence that Canada's poor productivity performance since 2000 – both in historical terms and relative to the United States since 2000 – can be explained by a deterioration of the health of Canadians. The average number of days lost per worker due to illness or disability rose from 6.4 to 7.9 days between 1987 and 2008, but this only decreased the rate of growth of output per worker by a miniscule 0.03 per cent per year.

The report concludes that illness and disability do impose a massive indirect economic burden on Canada's economy by inhibiting many persons of working age from working. However, this is an issue of lost output rather than a conventional productivity issue.

The full report can be found at <http://www.csls.ca/reports/csls2011-04.pdf>.

The second report, "The Labour Market and Economic Performance of Canada's First Nations Reserves: The Role of Educational Attainment and Remoteness," examines the relationship between educational attainment, remoteness, and governance on the economic and labour market performance of First Nations reserves. The report has three major findings:

- A higher level of educational attainment on a reserve is, on average, associated with both better labour market performance, measured by the unemployment rate, employment rate and participation rate, and higher economic outcomes, measured by average earnings and GDP per capita.
- The role of a reserve's remoteness on its labour market and economic performance is complex. In simple descriptive terms, reserves situated near urban centres fare better than the ones in rural/remote or special access areas. However, when statistical techniques are

used to control for various factors, it is not clear that remoteness itself significantly inhibits the labour market or economic performance of a reserve.

- Better governance is correlated with better labour market performance, higher average earnings and higher GDP per capita.

The full report can be found at <http://www.csls.ca/reports/csls2011-05.pdf>.

The third report, “Overview of Developments in ICT Investment in Canada, 2010: Rebounding from the Recession” looks at ICT investment in Canada in 2010. This report has three major findings:

- ICT investment increased 8.4 per cent in real terms in 2010, bouncing back from a 7.7 per cent decline in 2009 due to the recession. This augurs well for future productivity growth as ICT is a key determinant of labour productivity.
- After increasing in 2009, ICT prices resumed their downward trend, falling 6.3 per cent in 2010. This price decrease largely reflected an appreciation in the value of the Canadian dollar relative to the US dollar.
- The increase in real ICT investment growth was driven by the business sector, up 10.5 per cent, as ICT investment in the non-business sector rose a meagre 0.5 per cent.

The report is available at <http://www.csls.ca/notes/Note2011-2.pdf>.

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